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CENTRAL INTELLIGENCE AGENCY

REPORT NO. 

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COUNTRY COMMUNIST CHINA

DATE OF Dec. 29, 1952-  
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CPW Report No. 55 -- COMMUNIST CHINA

(Dec. 29, 1952 - Jan. 4, 1953)

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## 1. (1a) Russian Economic Penetration:

Peking announced (Jan. 3) that a new pressed-steel mill in Anshan would be completed in 1953. Peking added (Jan. 4) that "with the assistance of the masses," mobile geological exploration teams in the Northeast had discovered more than a thousand deposits "worthy of exploitation" in Liaotung, Liaosi, and Jehol.

## 2. (1b) Sino-Soviet Friendship:

Peking reported (Dec. 30) that the Chinese-Changchun Railway would be transferred to China in ceremonies at Harbin on Dec. 31, along with the dedication of a hall to Sino-Soviet friendship. Chairman Mao sent a message to Stalin thanking him for transfer of the railway and the technical aid given China. Mukden stated (Dec. 29) that city and SSFA officials met with leaders of the Red Army Flag Ensemble, at the monument to Soviet martyrs on the Chinese-Changchun Railway, to pay their respects.

Peking announced in numeral code (Jan. 2) that the central committee of the All-Soviet Trade Unions, in a New Year's greeting to Chinese workers, called for a strengthening of SSF. In Moscow the VOKS held a party honoring Chinese delegates to the Vienna Peace Conference. Peking reported (Jan. 4) that PRAVDA carried an editorial on the great Sino-Soviet friendship and the 1952 steps that strengthened this bond.

## 3. (1c) Soviet Technical Guidance:

Peking reported in numeral code (Dec. 29) that "several Soviet experts" addressed the National Statistics Conference, when it was pointed out that Chinese statistical work was characterized by indifference, lack of uniformity, waste, and confusion. Head of the Statistics Bureau Hsueh Mu-chiao declared that the only solution lay in adoption of Soviet statistical methods.

Peking said (Jan. 2) that at the Harbin ceremonies transferring the Chinese-Changchun Railway, stress was laid on the practical aid given by the Russians in operating the railway. Mukden reported (Jan. 3) ceremonies in the new Harbin Railway Workers Hall Jan. 1, when Premier Chou presented citations to the 1,300 Soviet experts who helped operate the Chinese-Changchun Railway. Ambassador Panyushkin accepted the citations.

Peking (Jan. 2) broadcast a talk by a Tatung Colliery miner extolling the advanced mining methods of the USSR and urging his fellow miners to emulate the Russians. Peking reported in numeral code (Jan. 2) that Chinese delegates, along with representatives of other nations, were touring the USSR to learn of its achievements.

## 4. (2a) War Burdens:

Shanghai stated (Dec. 30) that the city government had ordered full implementation of the preferential treatment program, with attention to all dependents of army men, especially "those in distress." Peking announced (Dec. 31) that the Interior Ministry had issued a general order for preferential treatment during the holiday season.

Peking reported in numeral code (Dec. 31) that the Peking Resist-America, Aid-Korea Committee had discussed plans to step up the RAAK drive. It urged that more movies be shown, comfort missions returning from the front make speaking tours, exhibitions be organized to promote RAAK, preferential treatment be carried out, and people be encouraged to write letters to soldiers in Korea.

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Peking said in numeral code (Dec. 31) that the Political Consultative Council had sent New Year's greetings to Peng Te-huai, the Chinese Volunteers, and cultural and medical workers, praising them for their victories and urging a "harder struggle" to smash American aggression. Chungking announced (Jan. 1) that the local Youth Corps Committee had received a letter from Kim Il Sung expressing the determination of the Korean People's Army to continue the fight.

#### 5. (2b) Tax Levies:

Peking announced in numeral code (Dec. 30) that the Government Administrative Council had promulgated a new organic tax law to "assure tax income and simplified tax payments." The new tax was to be based upon commodity turnover, and "covers trading from corporate enterprises engaged in foreign trade to petty dealings by peasants, fishermen, and nomads."

#### 6. (2c) Trade and Production Problems:

Peking announced in numeral code (Dec. 29) that 1952 agricultural achievements showed shortcomings in many communities where "production drives were indifferently promoted," and where "cadres were irresponsible." It was announced that the Railway Ministry would adjust freight rates and "take other measures" to promote trade and economic construction. Sian announced (Dec. 29) that the local people's bank made loans of 63 billion yuan in 1952 to 6,300 private business firms.

Peking announced in numeral code (Dec. 30) that the China Industrial Equipment Company had been replaced by the China Hardware and Machinery Company, the China Chemical Supplies Company, and the China Telecommunications and Electrical Supply Company. Peking said (Jan. 4) that the Southwest Geological Bureau had called a meeting to "discuss ways of overcoming problems in fulfilling its assignments."

#### 7. (3a) Russianization Moves:

Peking stated in numeral code (Dec. 29) that since SSF Month, Chinese workers had begun to learn Russian. Shanghai said (Jan. 1) that East China factory, office, and school cadres were making an intensive study of 19th Congress documents.

Peking reported in numeral code (Dec. 30) that a meeting was held in November to discuss the ideological level of North China cadres, with the result that 1,725 cadres in the area now were teaching political theory, which included a study of Stalin's "Economic Problems of Socialism in the USSR," and Chapters 9 to 12 of the "History of the Soviet Communist Party." Shanghai reported (Jan. 2) that every Party committee in East China now had a propaganda corps, with more than two million cadres engaged in propaganda.

Peking announced in numeral code (Dec. 30) that a joint board of public and private banks had been organized in Shanghai to operate the banks as a single unit.

Peking in numeral code (Jan. 3) quoted from seven Peking and Shanghai papers in praising the start of China's first 5-year plan for economic and cultural construction.

#### 8. (3a) Basic Construction:

Peking in numeral code (Jan. 4) told of a Party committee meeting in Peking to discuss assignments of cadres, when complaints were revealed that "new cadres are inexperienced, and old ones are culturally deficient." A Party official attributed this attitude to "backward thinking," and demanded that cadres be

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"boldly promoted," with cadre training programs greatly expanded. Peking in numeral code (Dec. 30) quoted the JEN MIN JIH PAO in urging that all agencies use the winter months to train cadres for basic construction.

Peking in numeral code (Jan. 4) accused East China government departments of refusing to obey orders for transfer of trained personnel. The Department of Architecture promised the Government six engineers, but after 100 days no transfers had been made. In August the Government called upon the Industry Department for 10 electrical engineers, and followed the request with several letters and phone calls, but no transfers had been made.

Peking reported in numeral code (Jan. 3) that the Shanghai No. 1 Steel Mill, by staff adjustments and full utilization of personnel, was able to transfer 8 of its 9 engineers and 23 of its 24 technicians to basic construction. Chungking said (Jan. 4) that by training technicians to replace them, the local 101 steel mills were able to release 190 technicians for basic construction work.

9. (3a) Counterrevolutionary Indications:

Wuhan reported (Dec. 31) that Central and South China militiamen had increased 45 percent since 1951, and during the first half of 1952 fought 2,900 engagements with bandits. Shanghai said (Dec. 30) that militia training in Shantung had been greatly expanded since October, with 40,000 men now being trained.

Shanghai added (Dec. 30) that in Lincheng Hsien, Fukien, more than 100 landlords had been expelled from mutual aid teams.

10. (3b) Information Control:

Peking announced in numeral code (Dec. 30) that the Publications Bureau and the Ministry of Posts and Telegraph issued a joint directive to "regularize the sale and distribution of periodicals and books." The Post Office still would handle subscriptions and deliveries, but the Bureau of Publications would "fix quotas and priorities" so that "urgent material can reach the reading public."

Peking announced in numeral code (Dec. 31) that the special-delivery mail service would be discontinued Jan. 1, due to the speed with which mails are being handled.

Peking reported (Jan. 2) that the first National Broadcasting Conference last month decided to "eliminate the major regional stations in order to centralize operations"; standardize electronic parts; and "improve programs." It was reported at the conference that China now had 72 broadcasting stations, and a network of 20,519 receiving stations and 4,743 public address systems handled by 42,743 cadres.

11. (4) Border Minorities:

Chungking announced (Dec. 31) that nearly 1,400 cadres had been trained by the Government to operate 639 trade and financial organs in minority areas. The Government had built 6,600 miles of highways for I and Tibetan people, and opened numerous markets where local currency and silver were accepted.

Peking said (Jan. 2) that asbestos mine workers in Sikang now lived a much better life, and added in numeral code (Jan. 3) that the Lhasa People's Hospital had started giving free vaccinations.

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## SUMMARY

Ceremonies marking transfer of the Chinese-Changchun Railway include dedication of a memorial hall to Sino-Soviet friendship, the customary thanks to Stalin for returning to the Chinese their own property, and citations for 1,300 Russians who have directed the railway. Aside from this, SSF seems surprisingly de-emphasized, despite Soviet advice to Chinese workers to strengthen SSF bonds. Regardless of enthusiastic reports on new mineral discoveries in the Northwest, the Northeast, where Russian concerns are well established, is singled out for prior exploitation.

Revival of Resist-America, Aid-Korea propaganda, new concern for preferential treatment of Army-men's dependents "in distress," and a new tax scheme, all testify to growing war burdens. The new tax law apparently includes a sales tax on all transactions, and admittedly will affect even "peasants, fishermen, and nomads." Chinese soldiers in Korea are urged to endure a "harder struggle," and a Kim Il Sung promise to continue fighting is exploited.

Russianization moves include the launching of China's first Five Year Plan, and a bank consolidation, though trade difficulties promote the opposite trend in the breaking down of a large State enterprise into three smaller units. Importance of the drive to build heavy industry at the expense of consumer production is clear from the number of trained factory specialists transferred to "basic construction." However, resistance of Government departments to giving up their technicians is revealed, as well as dissatisfaction with cadres promoted because of Party loyalty.

Apparently the Post Office has been negligent in pushing sales of ideologically desirable publications, as "quotas and priorities" henceforth will be fixed by the Publications Bureau; and special delivery service is discontinued, probably so personnel can devote more time to disseminating favored publications. A closer approach to the Soviet broadcasting system is suggested in plans to "eliminate major regional stations to centralize operations," and to "improve programs." These changes obviously forecast tighter Peking controls, more Peking relays, and less independence for regional stations.

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